

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1390-01  
Bill No.: HB 519  
Subject: Retirement–Schools; Retirement Systems & Benefits–General; Teachers  
Type: Original  
Date: April 3, 2001

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials with the **Joint Committee on Public Employee Retirement (JCPER)** indicate that the legislation represents a “substantial proposed change” in future plan benefits. As such, an actuarial cost statement is required prior to final action on the legislation by either legislative body or committee thereof.

Officials with the **Office of Administration** indicate that the Public School Retirement System should determine the potential cost of the proposal.

Officials with the **Public School Retirement System (PSRS)** indicated that an actuarial cost study on the proposal has not been requested, though they assume one would be required.

**Oversight** notes that it is not possible to estimate a fiscal impact without the completion of an actuarial cost study. It is possible that the proposal would have no immediate fiscal impact on local school districts, and would only reduce the system's actuarial surplus. It is also possible that higher contribution rates would be required and that a direct impact would be realized by local school districts. The fiscal impact is therefore shown as unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Costs—Local School Districts</u>			
Increased Contributions to PSRS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### DESCRIPTION

This bill increases the benefit formula for the Public School Retirement System, between July 1, 2001, and July 1, 2005, for each year of service beyond 30 years of service by five-- hundredths of a percent up to 35 years of service regardless of age.

The bill has an emergency clause and is effective on July 1, 2001, or upon passage and approval, whichever occurs later.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement  
Office of Administration  
Public School Retirement System

A handwritten signature in black ink, appearing to read "Jeanne Jarrett", with a stylized, cursive script.

Jeanne Jarrett, CPA  
Director

April 3, 2001